



## State of New Jersey

DEPARTMENT OF THE TREASURY  
OFFICE OF MANAGEMENT & BUDGET  
P.O. BOX 221  
TRENTON, NJ 08625-0221


**CHRIS CHRISTIE**  
*Governor*

**KIM GUADAGNO**  
*Lt. Governor*

**ANDREW P. SIDAMON-ERISTOFF**  
*State Treasurer*

**CHARLENE M. HOLZBAUR**  
*Director*

**TO:** Department Chief Fiscal Officers

**FROM:** Charlene M. Holzbaur  
Director 

**DATE:** January 7, 2013

**SUBJECT:** United States Office of Management and Budget Circular A-87  
Negotiation Agreement, Statewide Cost Allocation Plan (SWCAP)  
for the Year Ending June 30, 2013, with Addendum to Cover Fringe  
Benefit Rates for the Year Ending June 30, 2013

The 2013 Exhibit A of the enclosure reflects departmental allocations of central support service costs agreed to by the State of New Jersey and the United States Department of Health and Human Services (HHS).

The fringe benefit rate of 37.7 percent reflected in the addendum is for fiscal year 2013. This rate is to be applied to base salaries including vacation, holiday, and sick pay, but excluding overtime pay. The rate is applicable to members of the Public Employees' Retirement System (PERS), Teachers' Pension and Annuity Fund (TPAF), Teachers' Alternate Benefit Plan (ABP), and employees who are not members of a pension plan but are covered for health benefits. A rate of 40.80 percent for the Police and Firemen's Retirement System (PFRS) has also been negotiated.

These rates are for use in computing actual direct charges as well as for estimating charges to federal and other non-state funded programs. In addition, the rate is to be used to develop fringe benefit costs for inclusion in indirect cost rate proposals.

The employer's share of FICA taxes is not included in these fringe benefit rates. This cost is to be provided for in billings, estimates and indirect cost rate proposals at the rate prescribed by the federal government applied to taxable wages. The rate for calendar year 2013 is 7.65 percent of the first \$113,700 paid to each employee and 1.45 percent for gross wages above \$113,700.

Schedule A-1 of the enclosure reflects the plant operation and maintenance costs that represent occupancy costs of State-owned buildings allocated to grantee agencies for the year 2013. These costs for inclusion in agency indirect rate proposals must be treated by the agency as either direct or indirect costs consistent with treatment in prior years of similar costs charged to federal programs.

Fiscal Officers  
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January 4, 2013

The enclosed information is being furnished to become part of your indirect cost rate proposal to be submitted to your cognizant federal agency within six months after the close of each fiscal year. Departments and agencies are reminded that it is the State's policy and each agency's responsibility to maximize the recovery of indirect costs. In all cases where non-state funded programs permit the recovery of indirect costs, agencies shall prepare and negotiate indirect cost rate proposals as required. Agencies shall apply the approved indirect cost rate to the appropriate base and transmit all recoveries of indirect costs to the Department of the Treasury.

A copy of the original proposal, which covers the Statewide Cost Allocation for the fiscal year ending June 30, 2013 as submitted to HHS, will be accessible on the State's website via: <http://www.state.nj.us/treasury/omb/newsletters/index.shtml#grantinformationarchives>. If you require additional information related to this proposal, please contact James F. Kelly via e-mail at [james.kelly@treas.state.nj.us](mailto:james.kelly@treas.state.nj.us) or by telephone at 609-633-3910.

Copies of each agency's indirect cost rate proposal and resulting negotiation agreement are to be forwarded to the Director, Division of Budget and Accounting. Departments or agencies that fail to furnish this information will not be eligible to be allocated a portion of indirect costs recovered by them during the fiscal year ending June 30, 2013.

JFK/nm  
Attachments

**COST ALLOCATION AGREEMENT**  
**STATE AND LOCAL GOVERNMENTS**

**STATE/LOCALITY:**

State of New Jersey  
Department of the Treasury  
Trenton, New Jersey 08625

**DATE:** December 4, 2012

**FILING REF.:** The preceding  
Agreement was dated 01/27/12

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**SECTION I: ALLOCATED COSTS**

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The central service costs listed in Exhibit A, attached, are approved on a Fixed basis and may be included as part of the costs of the State/local departments and agencies indicated during the fiscal year ended June 30, 2013 for further allocation to Federal grants, contracts and other agreements performed at those departments and agencies.

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**SECTION II: BILLED COSTS**

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In addition to Section I, which provides for services furnished but not billed, the services listed below are furnished and billed to State/local departments and agencies.

1. Rent
2. Telephone
3. Insurance
4. Postage
5. Central Stores
6. Central Motor Pool
7. Information Technology
8. FICA\*
9. Legal Services
10. Plant Operation and Maintenance
11. Capitol Complex Security
12. Division of Revenue Services

\*Fringe benefit rates (exclusive of FICA) have been negotiated for the fiscal year ending June 30, 2013. See Addendum to the negotiation agreement.

### Section III: CONDITIONS

The amounts approved in Section I and the billings for the services listed in Section II are subject to the following conditions:

- A. LIMITATIONS: (1) Charges resulting from this Agreement are subject to any statutory or administrative limitations and apply to a given grant, contract or other agreement only to the extent that funds are available. (2) Such charges represent costs incurred by the State/locality which are legal obligations of the State/locality and are allowable under 2 CFR Part 225 (OMB Circular A-87). (3) The same costs that are treated as indirect costs are not claimed as direct costs. (4) Similar types of costs are accorded consistent accounting treatment. (5) The information provided by the State/locality which was used to establish this Agreement is not later found to be materially incomplete or inaccurate.
- B. ACCOUNTING CHANGES: This Agreement is based on the accounting system purported by the State/locality to be in effect during the Agreement period. Changes to the method of accounting for costs which affect the amount of reimbursement resulting from the use of this Agreement require prior approval of the authorized representative of the Cognizant Agency. Such changes include, but are not limited to, changes in the charging of a particular type of cost from an allocated cost to be billed cost. Failure to obtain approval may result in cost disallowances.
- C. FIXED AMOUNTS: If fixed amounts are approved in Section I of this Agreement, they are based on an estimate of the costs for the period covered by the Agreement. When the actual costs for this period are determined, adjustments will be made to the amounts of a future year to compensate for the difference between the costs used to establish the fixed amounts and actual costs.
- D. BILLED COSTS: Charges for the services listed in Section II will be billed in accordance with rates established by the State/locality. These rates will be based on the estimated costs of providing the services. Adjustments for variances between billed costs and the actual allowable costs of providing the services, as defined by 2 CFR Part 225(OMB Circular A-87), will be made in accordance with procedures agreed to between the State/locality and the Cognizant Agency.
- E. USE BY OTHER FEDERAL AGENCIES: This Agreement was executed in accordance with the authority in 2 CFR Part 225 (OMB Circular A-87), and should be applied to grants, contracts and other agreements covered by that Circular, subject to any limitations in Paragraph A above. The State/locality may provide copies of the Agreement to other Federal Agencies to give them early notification of the Agreement.
- F. SPECIAL REMARKS:

See Addendum

BY THE STATE/LOCALITY:

State of New Jersey  
State/Locality

Charles H. Hulse  
(Signature)

Charles H. Hulse  
(Name)

Director OMB  
(Title)

12/04/12  
(Date)

BY THE COGNIZANT AGENCY ON  
BEHALF OF THE FEDERAL GOVERNMENT:

DEPARTMENT OF HEALTH & HUMAN SERVICES  
(AGENCY)

Robert I. Aaronson  
(Signature)

Robert I. Aaronson  
(Name)

Director, Div. of Cost Allocation  
(Title)

December 4, 2012  
(Date)

HHS Representative: Michael Stack

Telephone: 212-264-0944

ADDENDUM TO RATE AGREEMENTDecember 4, 2012Agreement Reference Date

**INSTITUTION:** State of New Jersey  
Department of the Treasury

**ADDRESS:** Trenton, New Jersey 08625-0224

FRINGE BENEFIT RATE

<u>Type</u>	<u>From</u>	<u>TO</u>	<u>Rate*</u>	<u>Locations</u>	<u>Applicable To</u>
Fixed	7/1/12	6/30/13	37.7%	All	All Programs (1)
Fixed	7/1/12	6/30/13	40.8%	All	All Programs (2)

\*Base: Direct salaries and wages excluding overtime and part-time workers. (See comments below - Notes 3 and 5)

Treatment of Fringe Benefits: Fringe benefits applicable to direct salaries and wages are treated as direct costs. (See comments below - Note 4)

Fringe benefit rates of 37.7% and 40.8% are approved on a fixed basis for the fiscal year ending June 30, 2013, and should be used by grantee agencies for the following purposes:

- (a) For budgeting purposes on grant award applications.
- (b) For billing purposes.
- (c) For inclusion in their indirect cost rate proposal and must be treated as either direct or indirect cost consistent with treatment accorded similar costs charged to the Federal Programs.

Note 1:

The fringe benefit rate of 37.7% is calculated based on all direct salaries and wages exclusive of the following group of employees:

- Judicial
- Prison Officers
- State Police
- Police and Firemen

Note 2:

The fringe benefit rate of 40.8% is calculated based only on the direct salaries and wages of Police and Firemen.

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**ADDENDUM TO RATE AGREEMENT**

December 4, 2012  
**Agreement Reference Date**

**INSTITUTION:** State of New Jersey  
Department of the Treasury

**ADDRESS:** Trenton, New Jersey 08625-0224

Note 3:

Treatment of Paid Absences: Vacation, holiday, sick leave pay and other absences are included in salaries and wages and are claimed on grants, contracts and other agreements as part of the normal cost for salaries and wages. Separate claims for the costs of these absences are not made.

Note 4:

The following fringe benefits are included in the fringe benefit rates:

- Pension
- Health Benefits
- Unemployment Insurance
- Earned and Unused Sick Leave Payments
- Prescription Drug Program
- Dental Care Program
- Vision Care
- Temporary Disability Insurance
- Workers' Compensation

Note 5:

The fringe benefit rates are applied to salaries and wages of personnel that are included in the pension and/or health benefit plan.

In addition to the fringe benefits included in the fringe benefit rate, Social Security Taxes (FICA) are specifically identified to each employee and are charged individually as direct costs.

State of New Jersey Statewide Cost Allocation Plan (SWCAP)  
Summary of Fixed Allocations for the year ending June 30, 2013

Exhibit A

Name of Agency Receiving Central Support Services	Office of the State Auditor (OSA)	Office of Management & Budget (OMB)	Civil Service Commission (CSC) *	Division of Risk Management (RiskMgmt)	Office of Employee Relations (OER)	Division of Purchase & Property (DPP)	Totals
Legislative Branch (excluding Office of the State Auditor)	-	(20,828)	92,207	7,341	6,740	28,440	113,900
Office of the Chief Executive	-	6,582	27,837	-	2,164	-	36,582
Department of Agriculture	1,317,129	335,501	48,518	9,149	3,496	48,533	1,762,345
Department of Banking & Insurance	-	60,917	124,639	11,880	9,533	36,643	243,612
Department of Children & Families	(433,640)	873,074	1,659,474	505,518	123,232	808,626	3,536,285
Department of Community Affairs	724,990	214,726	245,775	50,696	18,100	71,710	1,325,997
Department of Corrections	1,546,649	530,030	2,162,758	1,028,780	157,684	1,906,699	7,332,599
Department of Education	1,049,978	614,849	185,931	50,636	13,579	151,705	2,066,677
Department of Environmental Protection	672,176	890,090	702,906	148,569	51,523	1,067,321	3,532,586
Department of Health & Senior Services	(128,966)	530,222	390,588	67,373	28,421	352,771	1,240,409
Department of Human Services	2,127,881	1,555,175	3,620,106	3,372,456	267,512	3,252,907	14,196,037
Department of Labor & Workforce Development (excluding Civil Service Commission)	(145,660)	699,154	768,484	88,926	57,678	287,161	1,755,741
Department of Law & Public Safety	(325,062)	1,074,268	1,986,499	608,372	144,751	1,689,093	5,177,921
Department of Military & Veterans Affairs	187,608	292,888	370,864	259,496	27,696	856,021	1,994,573
Department of State	1,200,303	423,107	2,247,677	548,232	(63,761)	232,265	4,587,823
Department of Transportation	599,282	2,752,629	1,259,015	408,492	91,619	1,810,272	6,921,309
Department of the Treasury (excluding Central Support Services)	(112,222)	1,243,812	1,014,631	197,052	73,177	929,076	3,345,526
Office of Information Technology	699,549	57,300	195,716	-	14,519	74,009	1,041,093
Other Departments and Agencies	113,570	2,166,281	305,087	49,635	28,141	(86,055)	2,576,659
Judicial Branch	180,048	1,059,491	2,203,461	327,473	163,463	1,721,996	5,655,932
Totals	9,273,614	15,359,267	19,612,172	7,740,074	1,219,268	15,239,212	68,443,606

NOTES:

- \* Data does not include either Fringe Benefit or Buildings and Grounds Rental costs
- \* Formerly Department of Personnel



State of New Jersey Statewide Cost Allocation Plan (SWCAP)  
 Calculation of Physical Plant Operations & Maintenance Fixed Allocations  
 For the year ending June 30, 2013

Schedule A-1

Name of Agency Receiving Central Support Services	FY2013 Allocation
Legislative Branch (excluding Office of the State Auditor)	\$ (1,940,888)
Office of the Chief Executive	315,199
Department of Agriculture	(300,639)
Department of Banking & Insurance	(718,725)
Department of Children & Families	1,084,326
Department of Community Affairs	(261,944)
Department of Corrections	-
Department of Education	(28,254)
Department of Environmental Protection	(1,138,792)
Department of Health & Senior Services	(445,269)
Department of Human Services	(1,601,084)
Department of Labor & Workforce Development (excluding Civil Service Commission)	-
Department of Law & Public Safety	(3,730,423)
Department of Military & Veterans Affairs	-
Department of State	(597,756)
Department of Transportation	(1,475,564)
Department of the Treasury (excluding Central Support Services)	365,766
Office of Information Technology	(81,179)
Other Departments and Agencies	11,533,059
Judicial Branch	(3,201,184)
	<u>\$ (2,223,351)</u>

NOTES:

Physical Plant Operations and Maintenance costs for service, which represent occupancy costs of State-owned buildings allocated to grantee agencies for inclusion in their indirect cost rate proposals, must be treated by the agency as either direct or indirect costs consistent with the treatment of similar (rental) costs charged to federal government programs.